

# STATE OF ILLINOIS

## DEPARTMENT OF INSURANCE



IN THE MATTER OF THE  
NONRENEWAL OF STATE FARM FIRE AND CASUALTY  
INS. CO. POLICY NO. 73-QF-9669-8  
ISSUED TO: Mary Lopez

HEARING NO.: 13-HR-0576

TO: Mary Lopez  
P.O. Box 403  
307 S. Line St.  
Creal Springs, IL 62922

State Farm Fire & Casualty Insurance Co.  
Attn: Angela Martin  
One State Farm Plaza  
Bloomington, IL 61710

### ORDER

I, Andrew Boron, Director of Insurance of the State of Illinois, hereby certify that I have read the Findings of Fact, Conclusions of Law and Recommendations of the Hearing Officer, Joseph T. Clennon, heretofore appointed and designated pursuant to Section 402 of the Illinois Insurance Code (215 ILCS 5/402) to conduct a hearing in the above-captioned matter and that I have carefully considered the Findings and Conclusions of the Hearing Officer and that I am fully advised as to her Recommendations.

I, Andrew Boron, Director of Insurance of the State of Illinois, being fully advised in the premises, do hereby adopt said Findings, Conclusions of Law and Recommendations as my own, and based on them, enter the following Order pursuant to the authority granted to me by the applicable Sections of the Illinois Insurance Code, and do hereby ratify, approve and confirm the Findings, Conclusions and Recommendations made by the Hearing Officer attached hereto and made a part hereof.

**IT IS THEREFORE ORDERED** that the nonrenewal of homeowner's Policy Number No. 73-QF-9669-8 with State Farm Fire and Casualty Insurance Company was not in violation of the applicable provision of the Illinois Insurance Code.

**IT IS FURTHER ORDERED** the Complainant failed to appear and has defaulted

**IT IS FURTHER ORDERED** that the costs of this hearing be waived.

DEPARTMENT OF INSURANCE

January 13, 2014

DATE: \_\_\_\_\_

A handwritten signature in black ink, consisting of a stylized 'A' followed by a 'B' and a horizontal line extending to the right.

\_\_\_\_\_  
Andrew Boron  
Director

# STATE OF ILLINOIS

## DEPARTMENT OF INSURANCE



IN THE MATTER OF THE  
NONRENEWAL OF STATE FARM FIRE AND CASUALTY  
INS. CO. HOMEOWNERS POLICY NO. 73-QF-9669-8  
ISSUED TO: MARY LOPEZ

HEARING NO.: 13-HR-0576

TO: Mary Lopez  
P.O. Box 403  
307 S. Line St.  
Creal Springs, IL 62922

State Farm Fire & Casualty Insurance Co.  
Attn: Angela Martin  
One State Farm Plaza  
Bloomington, IL 61710

### **FINDINGS OF FACT, CONCLUSIONS OF LAW AND RECOMMENDATIONS OF THE HEARING OFFICER**

The above-captioned matter was called for a hearing in Springfield, Illinois at approximately 10:00 a.m., on November 5, 2013, before Joseph T. Clennon, acting as Hearing Officer, pursuant to the designation and appointment of the Director of Insurance of the State of Illinois. Mary Lopez ("Complainant"), did not appear. State Farm Fire and Casualty Insurance Company ("State Farm"), represented by Ryan Jimison, appeared and gave evidence. Having heard and considered all of the evidence and testimony offered at the aforesaid Hearing and having been otherwise fully advised in the premises, the Hearing Officer submits the following Findings of Fact, Conclusions of Law, and Recommendations to the Director.

### **FINDINGS OF FACT**

1. Hearing Officer Exhibit #1 consists of the Authority to conduct a hearing executed by the Director on August 22, 2013, as well as a Notice of Hearing scheduled for October 3, 2013, dated August 22, 2013.
2. Hearing Officer Exhibit #2 is a photocopy of the United States Postal Service Certified Mail Receipts for the Order of Continuance sent to Complainant at the address listed above and State Farm, postmarked October 2, 2013 at the company's address list above.

3. Hearing Officer Exhibit #3 is an Order of Continuance, dated October 2, 2013, which rescheduled the hearing for November 5, 2013. The Order of Continuance was sent both United States Postal Service Certified Mail Receipts and first class mail.
4. Hearing Officer Exhibit #4 is the Consumer Complaint File, which consists of the Notice of Nonrenewal, dated June 22, 2013; the postmark for the Notice of Nonrenewal, dated June 24, 2013; Complainant's Request for Hearing, dated July 18, 2013; the Department's acknowledgment of the request, dated July 23, 2013; and State Farm's explanation to the Department for the Nonrenewal, dated July 23, 2013.
  - a. The Notice of Nonrenewal lists September 5, 2013 as the expiration date for Complainant's insurance policy with State Farm.
5. Complainant did not appear or send a representative to the Hearing.
6. State Farm motioned to dismiss, which the Hearing Officer found not to be appropriate. State Farm then motioned for default judgment. (R. 5-6).
7. During State Farm's direct testimony, Mr. Jimison testified as follows (R. 7-8):
  - a. Although Complainant stated in her complaint that she had been a policyholder with State Farm since 1991, she actually had been with State Farm since 2000. She had come to State Farm in 2000 with a prior company.
  - b. Complainant has made four claims with State Farm since 2000.
  - c. State Farm had made Complainant aware of its concerns with her claim history before it decided to nonrenew her policy.
    - i. In 2005, State Farm notified Complainant that they had increased her deductible to \$1,000 because of her prior losses.
    - ii. Complainant claimed another loss after the 2005 notification. State Farm "increased her deductible up to 1 percent after that."
  - d. Mr. Jimison is unaware whether Complainant has continued to pay her premium or transferred her premium escrow to another company.

### **CONCLUSIONS OF LAW**

1. The Director of Insurance has jurisdiction of the subject matter and parties to the proceedings.

2. 50 Ill. Adm. Code 2402.200 states, inter alia:

Failure of a party to appear on the date set for hearing, or failure to proceed as ordered by the Hearing Officer, shall constitute a default. The Hearing Officer shall thereupon enter such Findings, Opinions, and Recommendations as is appropriate under the pleadings and such evidence as he shall receive into the record.

3. 215 ILCS 5/143.21.1 states, inter alia:

Sec. 143.21.1. After a policy of fire and extended coverage, as defined in Section 143.13, has been effective or renewed for 5 or more years, the company shall not exercise its right of nonrenewal unless:

1. The policy was obtained by misrepresentation or fraud; or
2. The risk originally accepted has measurably increased; or
3. The insured has received 60 days notice of the intention of the company not to renew as provided in Section 143.17.

4. 215 ILCS 5/143.21a states, inter alia:

Sec. 143.21a. Nonrenewal of Fire and Extended Coverage Policy – Grounds. A policy of fire and extended coverage insurance, as defined in subsection (b) of Section 143.13, may not be nonrenewed for any of the following reasons:

- (a) age of property,
- (b) location of property
- (c) age, sex, race, color, ancestry, marital status, or occupation of occupants.

5. Complainant failed to appear at the Hearing and therefore defaulted pursuant to 50 Ill. Adm. Code 2402.200.
6. There was no evidence or testimony that the nonrenewal was in violation of the applicable state law;
- a. State Farm's alleged reason for nonrenewing Complainant's policy was the unacceptably high frequency of her claims. State Farm's Notice of Nonrenewal shows four claims between 2000, the start of Complainant's business with State Farm, and 2013. Before State Farm decided not to renew Complainant's policy, it had twice manifested concern with her claim frequency by increasing her deductible. Claim frequency does not relate to the age or location of the insured property, nor to any of the personal characteristics or statuses listed as prohibited reasons for nonrenewal in Section 143.21a of the Illinois Insurance Code (215 ILCS 5/143.21a).

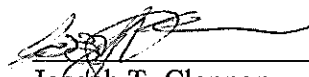
- b. State Farm's Notice of Nonrenewal was postmarked June 24, 2013. Complainant's policy was scheduled to expire on September 5, 2013. Complainant had more than 60 days notice of nonrenewal, which satisfies Section 143.21.1 of the Illinois Insurance Code (215 ILCS 5/143.21.1).
7. Costs of the hearing may be assessed against the losing party but shall not exceed \$100 pursuant to Section 143.23 (215 ILCS 5/143.23).

### **RECOMMENDATIONS**

1. That the nonrenewal by State Farm Fire and Casualty Ins. Co. regarding Mary Lopez, Policy No. 73-QF-9669-8 was not contrary to the applicable provisions of the Illinois Insurance Code, Sections 143.21a and 143.21.1, and therefore valid.
2. That Mary Lopez failed to appear and a default judgment be enter by the Director.
3. That the cost of this hearing be waived.

Date: 1/6/14

Respectfully submitted,

  
\_\_\_\_\_  
Joseph T. Clennon  
Hearing Officer

State of Illinois  
Illinois Department of Insurance

HEARING NO. 13-NK-0576

PROOF OF SERVICE

The undersigned certifies that a copy of the foregoing instrument was served upon the Attorneys of Record or Parties to the above captioned matter, by causing the same to be either enclosed in an envelope addressed to such attorneys or parties at their business address as disclosed by the pleadings of record herein or reflected in the attached Service list, via:

- X First Class mail service or
- X Certified or Registered mail service with postage fully prepaid, and by depositing said envelope in U.S. Post Office Mail Box or
- \_\_\_\_\_ by tendering the same to a courier service, such as United Parcel Service or Federal Express, in Springfield, Illinois or
- \_\_\_\_\_ by facsimile or other electronic means, such as email

DATE 1/14/14

Respectfully submitted,

Mary A Lelys

Mary Ann Lelys  
Administrative Assistant  
Department of Insurance  
320 West Washington Street  
Springfield, Illinois 62767-0001